

FISCAL NOTE
HB 2006 - SB 1973

May 9, 2001

SUMMARY OF BILL:

- Amends TCA Title 67, Chapter 4, Part 19.
- Authorizes a county that meets specific requirements to enact a 2% surtax on vehicle rentals originating at the airport. The tax would be levied on gross proceeds derived from the lease of any private passenger motor vehicle or truck for a period of 31 days or less.
- The proceeds of the tax would be placed in an NBA Arena Fund for the purpose of providing debt service to bonds used to finance arena construction. Any funds remaining after meeting the requirements of the bond interest will be divided equally between the county and the city.
- The tax would be administered on the local level.
- The bill would have to be approved by a 2/3 vote of the county legislative body before becoming effective.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Revenues - \$1,500,000 NBA Arena Fund/ Permissive

Increase Local Govt. Expenditures - Not Significant / Permissive

Estimate assumes:

- The impact applies to Memphis and Shelby County.
- Based on information provided by the Department of Revenue, the Gross Sales for car rental agencies at the Memphis International Airport for CY2000 were approximately \$75,000,000.
- A 2% tax on gross revenues would generate approximately \$1,500,000 on an annual basis [$\$75,000,000 \times .02 = \$1,500,000$].
- An increase in local government expenditures, which is estimated to be not significant, to administer the provisions of the bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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